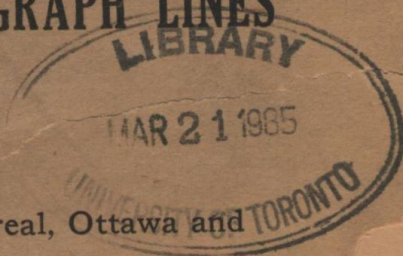


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SESSION 1926-27

HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON

RAILWAYS, CANALS AND TELEGRAPH LINES



Bill No. 78—An Act Respecting the Montreal, Ottawa and
Georgian Bay Canal Company

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2—WEDNESDAY, APRIL 6, 1927

WITNESSES:

Mr. Winfield Sifton

Mr. J. A. Ritchie, counsel, Montreal, Ottawa and Georgian Bay Canal
Company

MINUTES OF PROCEEDINGS

WEDNESDAY, April 6, 1927.

The Committee met at 11 a.m., Mr. Young (Saskatoon), Acting Chairman, presiding.

Present: Messrs. Anderson (Halton), Anderson (Toronto-High Park), Arthurs, Bell (St. John-Albert), Bothwell, Bourgeois, Bowen, Bradette, Brown, Campbell, Cantley, Casgrain, Casselman, Charters, Cotnam, Delisle, Donnelly, Dubuc, Duff, Dunning, Edwards (Waterloo South), Embury, Evans, Fafard, Fansher (Lambton East), Fansher (Last Mountain), Fraser, Geary, Gershaw, Girouard, Glen, Gott, Hanson, Heaps, Hepburn, Hocken, Howard, Jelliff, Jones, Kay, Kennedy, Lacroix, Lanctot, Lapierre, Lavigueur, Lovie, Lucas, Macdonald (Kings), MacLaren, McLean (Melfort), Maloney, Matthews, Maybee, Millar, Milne, Parent, Perley (Sir George), Pettit, Price, Ross (Moose Jaw), Rowe, Sanderson, Simpson, Smith (Cumberland), Spence (Maple Creek), Spencer, Stewart (Leeds), Stirling, Sylvestre, Taylor, Totzke, Tummon, Vallance, Ward, White (Mount Royal), Wilson (Wentworth), Young (Saskatoon), Young (Toronto Northeast), Young (Weyburn)—79.

On motion of Mr. Bradette,—

Resolved,—That the Committee recommend to the House that the fees and charges on Bill No. 174, An Act to incorporate the Red Lake and Northwestern Railway Company, be refunded, less the cost of printing and translation.

MONTREAL, OTTAWA AND GEORGIAN BAY CANAL COMPANY

Bill No. 78—An Act respecting the Montreal, Ottawa and Georgian Bay Canal Company.

Preamble. Consideration resumed.

Mr. Winfield Sifton (incorrectly referred to in yesterday's printed proceedings as Mr. Wynne Sifton), was recalled, and was again heard by the Committee.

Witness retired.

By permission of the Committee, Mr. N. G. Guthrie, counsel for International Paper Company, stated that that company was not opposed to the passing of this Bill.

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal Company, was called and heard.

Witness retired.

The Committee adjourned at 1 p.m. until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

WEDNESDAY, April 6th, 1927.

The Select Standing Committee on Railways, Canals and Telegraph Lines met at 11 a.m., Mr. Young (Saskatoon) presiding.

The CHAIRMAN: Mr. Sifton, will you proceed?

MR. W. SIFTON: Mr. Chairman, yesterday morning I was dealing with the point of the principle as to the allocation between users of power and users of navigation, and the total cost of developing such a waterway as the Ottawa, river, and I was just pointing out that this charter in no way decides the question of principle, but it leaves it entirely a matter for Parliament to decide, and for the Railway Commission to apply, what principle shall apply in the case of this fixation of rates, what proportion the power shall be charged with, and what proportion the navigation shall be charged with. Under this charter, our company will create the asset; the asset will be there; there is a certain advantage in the use of power, and there is a certain advantage in the use of navigation facilities. What the proportion of the advantage between the two will be is left entirely to Parliament, and is not settled in this charter. There is another point which has been made quite a bit of, in connection with the discussion of this canal, and that is the suggestion that power is a new feature in this canal. The suggestion is that we have deliberately taken an old charter that had a subsidiary clause in it, more or less by accident, and attempted to expand the importance of this canal feature. Now, in that connection, I would like to read a short paragraph in the Georgian Bay Ship Canal survey prepared by the Public Works Department. It is found on page 291. The clause is this:—

These powers, by reason of the canal construction, and the storage created at the head waters, form one of the chief features in the building of the canal, and if properly administered, would ultimately, as industries would gradually be established, go a long way toward paying interest on the total cost of construction.

That is the government report, and it has been part and parcel of this proposition every time it has been before Parliament. There is nothing new about it in any way whatever.

Further down on the same page of the same report it says:—

By the plans for the waterway, the flow with the proposed storage, will be augmented at low water season, the number of available sites for powers increased, and in addition the navigation requires the construction of dams which are in themselves the most expensive part of the power development. But these dams in general are larger than a power company would undertake for development purposes only.

AN HON. MEMBER: What year is that?

MR. SIFTON: 1908. I think that disposes of any suggestion that we have imported any new factors into this charter, or that the problems were altered in the slightest degree during the time it has been before Parliament. In this connection, the same problems, or another application of the same problem,

[Mr. Winfield Sifton.]

emerged in the consideration of the St. Lawrence deep waterway. There was a question submitted to the Joint Board—it is question-number five of the submissions to the Joint Board of International Engineers, which is contained in the St. Lawrence Waterway Report of the Joint Board of Engineers appointed by the governments of the United States and Canada, 1926. On page 42, the following question appears:—

To what extent may water levels in the St. Lawrence River, at and below Montreal, as well as the river and lake generally, be affected by the execution of the project.

That is the project of the canalization of the St. Lawrence. The answer, as given in this report, is as follows:—

The irresponsible operation of the power works proposed by the Board, or indeed, of any power works, however designed, that develop fully the power resources of any section of the river, would affect injuriously the water levels in the St. Lawrence River at and below Montreal, but it is feasible to operate these works under government supervision in such manner that they will neither lower the summer levels in the lower river, nor raise the winter and spring levels. With such control, the improvements proposed will have no injurious effect whatever on the water levels of the St. Lawrence at and below Montreal.

Now, our company submits, gentlemen, that water levels in the harbour of Montreal, and in the lower St. Lawrence, depend partially upon the flow of the St. Lawrence river, and partially upon the flow of the Ottawa river. The waters are mixed; they join at the St. Lawrence, and it is the waters of the two rivers which maintain the levels in the harbour of Montreal, and the lower St. Lawrence. It is true the Ottawa river is but a small portion of the total, but in the ratio that the flow of the Ottawa river bears to the flow of the St. Lawrence, the same finding applies, and we submit that the finding of this Joint Board of Engineers means exactly what we have contended, and that is that you cannot develop the Ottawa river without injuring the water levels in the harbour of Montreal, and in the lower St. Lawrence, unless you develop the Ottawa river as one unit, and under one control, for the purposes of navigation, and subsidiary and auxiliary to that navigation, as it is in our charter.

In continuing the examination of the charter itself, as it now exists, I want to draw your attention for a moment to the expropriation clause now contained in clause five of the Act of 1906, which I would like to read:—

Section 43 of Chapter 103 of the Statutes of 1894 is hereby repealed, and the following is substituted therefor.

His Majesty, his heirs and successors, may, at any time assume the possession of and to the property in the said canal and works, and all and any of the rights, privileges and advantages of the company, on giving to the company one week's notice of intention to do so; thereupon the property in the said canal, works, rights, privileges, and advantages shall become, and thenceforward shall be vested in His Majesty, his heirs and successors.

Now, gentlemen, the important aspect in the expropriation clause is the terms upon which you can expropriate, and that was contained in the balance of the clause as follows:—

And by way of compensation, His Majesty shall pay to the company the value of the work actually done by the company, up to the time of the giving of such notice, of any survey, and the making of plans and otherwise, upon the ground, together with the value of all tangible property of the company, of which possession may be so taken, such value to be

fixed by three valuers, or a majority of them, one valuator to be chosen by His Majesty, another by the company, and a third by the two so chosen.

You will note that it definitely excludes any payment being made under this clause for vested interest, for unexpired construction, for future profits, etc. It is a very extraordinary clause; it restricts compensation to the actual property which is there, and the actual expenditure which has been incurred. Now, this clause means this. It means that the company, if it proceeds with its work, may always be taken over if and when a comprehensive scheme of public ownership is decided on.

The charter as a whole, containing this clause, means this. It means that at the moment the Dominion of Canada, not being prepared to go on with the canalization and development of the Ottawa river itself, permits a private corporation to do so under stringent control. But in doing so, Parliament by means of this clause leaves the door open so that at any time Parliament can re-enter into complete possession and ownership of rights, authorities and works without the payment of one penny of damages and by merely the reimbursement of actual audited out-of-pocket expenditure on actual work, which the government would in any event have to do for itself.

I submit, sir, that there are many objections which could be raised against that clause by the company, but I submit there can be no objections to it from the point of view of the public interest.

Perhaps, Mr. Chairman, it would make this point more clear to the members of the committee if this present clause is compared with the clause which it repealed. That was Section 43 of the original Act. The difference is found in the end of the clause, as follows: "And the arbitrators may, in such valuation, take into account the expenditures of the company, its property, and business of the canal and other works hereby authorized, and its past, present and prospective business, with interest from time to time on the investment thereof."

There has also, Mr. Chairman, been some criticism of Clause 1 of the present Bill No. 78 which must be read in conjunction with Section 43 as it now stands, and which I have just read. The part to which I refer is found at the end of Clause 1. The trouble with Clause 1, as I understand it, and the criticism of it, is that it is suggested that in that clause:

1. The company can go to work on this great waterway.
2. Anything it has not completed by the due date, it must leave undone, and its authority to build such uncompleted work lapses.
3. What it has built can be taken over by the government
 - A. At any time.
 - B. On seven days' notice.
 - C. On payment of bare cost, with no damages whatsoever.

I submit, Mr. Chairman, that in these clauses we have established a principle in the public interest which is exceptional. Most certainly this charter does not alienate public assets in the ordinary sense of the word. I may be mistaken, but I do not think there is any such re-entry clause in the National Hydro lease of Carillon renewed as late as November last. That company's lease provides:

1. No through canal.
2. No re-entry or repossession clause and is alienation of the public domain in its accepted sense.

I submit to those members who have opposed this Bill on the grounds that it permanently alienated a portion of the public domain, that they consider these clauses carefully, and verify for themselves the fact that this charter does no such thing; verify the fact that, far from doing so, this charter is an exception to the ordinary rule, in that it is a temporary alienation subject to recovery at will, at bare cost, which no other charter or lease is, to my knowledge.

Now, Mr. Chairman, I wish to thank you and the members of the committee for the patient hearing you have given me on these involved matters of detail. Before I sit down, I would appreciate it if you would bear with me for a few moments to consider the broad fundamental factors which underlie this matter.

In the first place, I, in common with nearly everyone in this room, have since babyhood been fed with patriotic speeches about

- A. The illimitable resources of our country,
- B. The boundless natural assets of our country,
- C. The potential wealth of our country, etc., etc.

Mr. Chairman, natural resources, no matter how boundless, do not fructify by themselves. They require the services of labour and capital to develop and use them, before they can contribute one penny to the wealth, comfort, and happiness of the people of this country.

Mr. Chairman, the fundamental basis of the submission of this Bill to Parliament is that we be allowed to develop, with labour and capital and all the resources of modern science, one of the greatest of our natural resources, viz., the Ottawa River. We want to convert that natural resource, that potential asset, into a present asset, into the present income which results from development. —It means income in the form of savings to all classes of the community. It means development which implies work at profitable rates for large numbers of the people of this country. It means all the benefits of the canal.

Mr. Chairman, I submit that this Ottawa River has been a potential asset long enough. If this Bill is rejected, I submit that the Ottawa River is in serious danger of becoming what my banking friends call a "frozen asset".

On the other hand, if we are permitted to go on, what is the position? In the first place, we are hedged about with what I submit are the most complete set of safeguards in the national interest that have ever been devised in this country. In the second place, we are in the position where we cannot make a dollar unless and until we first contribute to the development of Canada this canal which will be of such inestimable benefit. In the third place, even if we fail, the public interest in Canada cannot possibly suffer loss or detriment. Pass our plans and give us a fair chance to complete our works, and we will certainly have no claim whatsoever against anybody in case we fail to complete the work on time. If we fail, we cannot block the river. We cannot take the river away with us. We cannot do anything to the detriment of the public interest, and anything we do build will be that much done, that much development accomplished, and to the extent of the work done, that much contributed to the development and total of the national assets.

Mr. Chairman, in conclusion I wish to say, as my own opinion, that I believe that to any thinking man who studies this problem, to any thinking man who studies the problems of this great country, and considers the ameliorating effect which the cheap freight rates and economical access which would be afforded by this canal, to anyone who realizes what cheap transportation means, to anyone who knows what the development and use of power mean, to any such man it will be as it is to me.

I believe, Mr. Chairman, that the spectacle of this Ottawa valley undeveloped, of this canal route unopened, of this great Ottawa River running ceaselessly to waste, is a great national tragedy, which should be ended by immediate development.

Mr. DUFF: Before you leave, Mr. Sifton, it has been stated here that if the Georgian Bay Canal is built, a great deal of Nova Scotia coal will find its way to the head of the lakes. Can you give the committee any particulars which, in your opinion, would mean the substitution of Nova Scotia and Welsh coal for United States coal, and will you also say if it is a fact that the British Empire

Steel Corporation, which is interested in the development of our Nova Scotia mines, have written a letter stating that large quantities of coal will find their way as far west as the Great Lakes?

Mr. SIFTON: Well, sir, I am not a coal expert, but the company has taken what steps it could to get the best information obtainable on that subject, and I have in my hand a statement signed by Mr. Neate of the Dominion Fuel Board of the Department of the Interior, prepared by the Department of the Interior, which, with the permission of the Chairman, I would like to put in the record. This statement is the schedule of the amount of bituminous coal of similar quality to that which is supplied by Nova Scotia coal mines, which now finds its way to points along the route of the Georgian Bay Canal. It also shows the total cost of delivery to these various points along the canal, and the total saving or extra cost as the case may be, in putting Nova Scotia coal into the same places, to meet the existing market, when the canal is built. The actual estimated saving along the main points of the route of the canal shows that Nova Scotia coal can be put into the present market at Ottawa and Hull for \$1.01 per ton less than the existing cost of getting American coal here. I will put this statement in the record.

NOVA SCOTIA COAL
SAVING IN COST DELIVERED VIA GEORGIAN BAY CANAL

[Mr. Winfield Sifton.]

Delivery Port	Distance from Montreal miles	Time of transit from Montreal hours	Nova Scotia Coal			U.S.A. Coal			Total saving or extra cost via G.B.C. per ton	Estimated quantity per annum tons
			Cost at Montreal per ton	Freight rate via G.B.C. per ton	Total cost at delivery Port via G.B.C. per ton	Cost at mine per ton	Freight rate and duty via existing routes per ton	Total cost at delivery port via existing routes per ton		
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Montreal.....			5 00		5 00	1 75	4 32	6 07	\$ 1 07	2,000,000
Ottawa & Hull.....	120	16	5 00	0 16	5 16	1 75	4 42	6 17	\$ 1 01	(1) 793,000
Arnprior.....	160	23	5 00	0 23	5 23	1 75	4 84	6 59	\$ 1 36	(1)
Pembroke.....	227	32	5 00	0 32	5 32	1 75	5 48	7 23	\$ 1 91	(1)
Mattawa.....	318	44	5 00	0 44	5 44	1 75	5 70	7 45	\$ 2 01	(2)
Haileybury.....	413	56	5 00	0 56	5 55	1 75	5 94	7 69	\$ 2 13	10,000
North Bay.....	358	55	5 00	0 55	5 55	1 75	4 99	6 74	\$ 1 19	(2) 925,000
French River Village.....	440	66	5 00	0 66	5 66	1 75	5 59	7 34	\$ 1 68	(2)
Sault Ste. Marie.....	661	88	5 00	0 88	5 88	1 75	3 15	4 90	E.C. 0 98	910,000
Fort William.....	934	113	5 00	1 13	6 13	1 75	3 15	4 90	E.C. 1 23	1,000,000

(1) Included in Ottawa total.

(2) Included in North Bay total.

NOTE.—The estimated saving via G.B.C. is dependant only upon present rates. Establishment of a competitive rate would reduce same accordingly.

SELECT STANDING COMMITTEE

COMPARATIVE COSTS OF WELSH ANTHRACITE AT GEORGIAN BAY CANAL POINTS

Delivery Port	Distance from Montreal	Rate via G.B.C. from Montreal	Average U.S. anthracite market per annum	Retail price U.S. anthracite 1925	Assumed laid down cost Welsh anthracite based on present Montreal prices	Assumed retail price Welsh anthracite at destination	Total cost of U.S. anthracite to consumers	Estimated cost of replacing with Welsh anthracite	Estimated saving
		\$ cts.	tons	\$ cts.	\$ cts.	\$ cts.	\$	\$	\$
Ottawa.....	120	0 16	175,000	16 21	14 66	18 66	2,836,750	2,472,400	364,350
North Bay.....	358	0 55	25,000	17 00	15 05	19 05	425,000	361,000	64,000
Sault Ste. Marie.....	661	0 88	15,000	16 50	15 38	19 38	247,500	220,560	26,940
Head of Lakes.....	934	1 13	75,000	17 30	15 63	19 63	1,297,500	1,117,800	179,700
Total.....			290,000						634,990

NOTE.—In estimating cost of replacing United States anthracite with Welsh anthracite, allowance has been made for heating efficiency of the two fuels. The basis taken was .8 tons of Welsh anthracite being equal to 1 ton of American anthracite.

It should be noted that the supply of British anthracite available for the Canadian market is limited. It is not considered that more than 600,000 tons would be available in any year. The Montreal market as a rule absorbs nearly all of the coal importations from Great Britain.

Mr. SIFTON: The smallest saving in cost in actually delivering Nova Scotia coal to any point along the route of the Canal is \$1.01 at Ottawa.

I believe the General Traffic Manager of the British Empire Steel Corporation is available in Ottawa to-day. He is an expert on these points and I would suggest that the Committee hear him in detail.

Mr. EVANS: What value do you think these figures have in reference to the fact that we put a bill through Parliament paying \$1 a ton to bring Nova Scotia coal as far as Montreal, for coking purposes, and that \$1 per ton is about 25 per cent of the value of it laid down in Montreal?

Mr. SIFTON: I am not a coal expert. I have submitted figures prepared by the Government, not by our company. The coal expert of the British Empire Steel Corporation is here and I think the question should be answered by him.

Mr. EVANS: You must have fixed tolls.

Mr. SIFTON: We cannot fix those; the Railway Commission fix the tolls. This is the gross saving from which must be deducted any tolls charged by the Canal.

Mr. ANDERSON (High Park): The tolls would depend on the cost of the undertaking?

Mr. SIFTON: They would depend on the cost of the undertaking and depend on the principle adopted by Parliament on the allocation of fixed charges.

Mr. ANDERSON (High Park): You could not be asked to carry it at less than what it was worth?

Mr. SIFTON: No. I do not think so. On the other hand we could not afford to put our tolls up to such an extent that we would not get the traffic. We have to have the traffic.

Mr. GLEN: When this matter was before the House, and discussion took place, there was a great deal made of the question of what was public ownership. A good many exceptions were taken upon the fact that this might be reducing public ownership. I took the position, along with many others, that this is different, and I would like to ask Mr. Sifton, before he sits down, what the difference is in the question of public ownership, so far as the province of Ontario is concerned—and I might say that I will ask this question also of the province—is there if the Ontario Hydro purchases power from the Canal Company, as you propose, and what difference there is in their purchasing it from the Gatineau Power Company, and also if they purchase it, as I believe they propose to do, from the Carillon Falls?

Mr. SIFTON: According to the public report, the Ontario Hydro Commission contracted with the Gatineau Power Company for a definite period of years, thirty years I believe, and so far as I have seen the report—I have never seen the contract—but so far as I have seen the report I have seen no statement that the Ontario Hydro Commission have a right to renew that power and to acquire that power for any longer period than thirty years at the same price they are getting it for to-day. Now, according to a report in the Toronto Telegram, which was read into the records by Mr. Woodsworth, I believe, they estimate that the price which the Ontario Hydro pays for power to the Gatineau Power Company will enable that private company to pay their sinking fund, so that the whole cost of that power installation will have been paid for by the power users in the Province of Ontario upon the expiration of that contract in thirty years' time. That private company will be in possession of a plant paid for by the province of Ontario. The plant is outside of Ontario and not under the control of the Legislature of the province of Ontario; it is in Quebec and Ontario has nothing to do with it. They have got away with the

[Mr. Winfield Sifton.]

plant and can either refuse to sell power after the thirty years to the province of Ontario, or they can double the price. There is no protection whatsoever for the people of Ontario. Now, compare that with the situation of buying power from the canal? They apply to the Railway Commission and the Railway Commission fixes the price, and the terms of the contract under which they buy power from the canal company. They always have the protection of the Railway Commission with regard to the price they pay for that power, and they can get an order from the Railway Commission to make that supply of power from the canal company permanent, perpetual and forever. It fixes the price without any possibility of ever being held up.

I submit, Mr. Glen, that that is the fundamental difference; it goes right to the root of the whole problem of permanent supply. I think the same thing applies to the suggestion of buying power at the Carillon. I think it was Mr. Bennett who stated in the House, as I understand him, that Mr. McGrath was here and was a party to the extension of this lease at Carillon, and he drew the inference from that that the Ontario Hydro were quite satisfied with this lease; were quite satisfied that private interests should develop the whole of the river at the Carillon site and quite satisfied to buy power, as I understand it, on similar terms, which would result in exactly the same thing, as I have just suggested that the Gatineau Power contract will eventually result in. I have not seen the contract; I am referring to the interpretation by the Toronto Telegram.

Mr. GLEN: There is no doubt that the province of Ontario are purchasing from this private company, the Gatineau Power Company, their power at the present time?

Mr. SIFTON: I have not seen the contract, Mr. Glen. I believe the Ontario Government is represented here, and I believe the Ontario Hydro is represented here, and they are in a position to answer that question definitely. I have never seen any such contract, I merely know what the newspapers say.

Mr. YOUNG (Weyburn): Both your brother and yourself have made the statement that the water-powers of this canal rightly belong to the public. I would like to ask you, and ask the Committee to consider, this question: To what public do they belong? Take the Carillon Power Company for example; does that belong to the people living within, say, a radius of ten miles of the Carillon, or does it belong, as your brother said yesterday, to those living within transmission distance, or does it belong to the whole people of Canada? That is a question that is going to be of more and more importance as times goes on. If you look at Northern Manitoba and Saskatchewan you will find vast water-powers with nobody living anywhere near them, and some day there is going to be a demand for this power in excess of the supply. The question is, who is going to be entitled to that, in your opinion, and also I would like the Committee to consider this: how are the people who are entitled to the benefit of that power to be assured that each will receive his share? How are we going to be assured that, say, the city of Toronto is not going to get more than its share of the power available in Ontario? How are we going to be assured that the city of Winnipeg is not going to get all the power within one hundred miles, to the detriment of all the other smaller settlements? That is a question I think we should settle clearly in our minds.

Mr. SIFTON: That is a question that the members of Parliament are elected to decide. On the other hand, it is a problem to which our company has given considerable attention. It raises the big question, as you say, of public policy. So far as our company is concerned, we have no authority to transmit power long distances from power sites. We can sell the power wholesale, under order of the Railway Commission, at what they call the buss bar; at the power plant.

As the charter stands to-day, we cannot distribute the power; we cannot go into the business of the distribution of power in competition with either the Ontario Hydro or with the private company on the Quebec side of the river. But it does raise this question. Suppose, for instance, that we develop power at the Chats Falls. The town of Brockville is about 65 or 70 miles away from the Chats Falls. The city of Toronto wants power from the Chats Falls, which is three times as far away. If a manufacturer in Brockville wants some large power, does he have to move his plant up to Toronto in order to get it, or is he just as fairly entitled to say, "I have a right to have power; I live closer than Toronto." But, Mr. Young, that is not a matter for this company, that is a matter for Parliament. It does not affect the charter; nothing in the charter makes any ruling in regard to that problem, it is left quite open.

Mr. YOUNG (Weyburn): One other question. Is it true, as the Minister of Railways stated, that the Carillon Falls is the real bone of contention to your interests?

Mr. SIFTON: Mr. Young, I do not think it is. I can see a lot more opposition to our charter than the National Hydro at Carillon, although I will say this; I think the primary opposition to our bill was the Carillon Falls having, as I understand, negotiations and some kind of understanding with the Ontario Hydro. That was the primary thing. There is no row about Chats Falls, for instance. There is not much row farther up the river where the market is farther away. I think to this extent you could say that the company would agree there is a lot in that statement; that the leadership of the opposition, the driving power of the opposition came from the people who wanted something which was a small part of what would be controlled by our company in case this charter went through. I think that is a correct statement.

Hon. Mr. DUNNING: Mr. Sifton, could you finance and build the Georgian Bay Canal if the power at Carillon Falls was controlled by someone else?

Mr. SIFTON: That is a big problem. I discussed that particular question with the late Sir Adam Beck for about six months. There are many aspects in connection with it. I think it is possible that an arrangement might be worked out, but it would be an unbalanced arrangement.

Hon. Mr. DUNNING: It would be very difficult.

Mr. SIFTON: We would be flat up against the finding of the International Board, which says that an independent power company, no matter how it is operated independently, would operate to the detriment of the water levels in the harbour of Montreal and the lower St. Lawrence. I doubt if you could work it out on any basis which would be satisfactory to the levels in the harbour of Montreal.

Mr. YOUNG (Toronto, North East): Have you not got power under Section 17 of the Act to take over any section?

Mr. SIFTON: No difficulty whatsoever. I believe that as it stands at present, under that clause, if this charter is continued we could file expropriation notices with the Railway Commission and walk in and take possession and pay the compensation which the Railway Commission decides is the proper price for us to pay.

An Hon. MEMBER: You mean the Exchequer Court?

Mr. SIFTON: Yes.

Mr. WARD: In reference to this bone of contention, mention was made in the House, I think, by the sponsor of the Bill, of opposition on the part of the International Paper people against the passage of this legislation. Can you give to the Committee any reason why the International Paper people, a private corporation like yourselves, should oppose this Bill?

Mr. SIFTON: Well, Mr. Ward, we have had to give considerable attention to the position of other interests who might be opposed to us, or who might be on our side. I deprecate discussing the private affairs of other people, but you have asked that question. I am not a director of the International Paper Company and I do not know anything about their business, except what I see in the public press. As I see it, they have a big advantage to look forward to in the long run through this charter being extended and through the construction of the canal. On the other hand, they have a balancing disadvantage, and I think I can answer your question by giving you some grounds for making up your own minds with regard to the relative merits of the advantages and disadvantages from their point of view.

According to the press, they have about a million horse-power in this area on the north side of the Ottawa River stretching from above here down nearly to Montreal. As I understand it, the price at which they sell that power is entirely in their control. They own that power, and they develop it as they like and sell it to whom they like.

Mr. HANSON: Is it not controlled by the Public Utilities of Quebec?

Mr. SIFTON: I know of no control in the province of Quebec as to the price for which they sell their power. I was not aware of that fact.

If we build this canal, they would be in this position. We will have considerable cost in connection with canalization. For instance, as the Government report shows, we have to build bigger dams than would be necessary if it were purely a power project. Our capital cost per horse-power is bound to be higher than the capital cost per horse-power of the Gatineau Power Company, for instance, or any of the other subsidiaries of the International Paper Company. Now, when the Railway Commission find what our capital cost is, and find a fair price at which we can sell our power, that price is bound to be a little bit higher than if they were investigating similar cost on the part of the International Paper Company. So that the price in this market will be pegged at a price which is more profitable to them than it will be to us. I do not see why, in the long run, it would not be very much to their advantage. I think, if they are opposing it, it is a very short-sighted view for them to take.

Mr. HANSON: I think, in justice to the International Paper Company, it should be stated here publicly that they are not opposing this Bill; they are not interested in this one way or the other.

Hon. Mr. DUNNING: Mr. Hanson, can you speak with authority for the International Paper Company?

Mr. HANSON: I am not representing them, but in conversation with Mr. Graustein, he told me they were not opposing this Bill.

Mr. LAPIERRE: Will you tell the Committee whether you would be compelled under this charter to develop the 36,000 horse-power in the French River?

Mr. SIFTON: Yes, definitely; we would have to develop it and we would have to build a canal, and we could not make a dollar for the shareholders or the promoters, or anybody else, directly or indirectly, until we did it, until we had finished it and provided navigation right up the French River and had the power for sale to the people in that area.

Mr. SPENCE (Maple Creek): Do you think you can sell power as cheaply as the Hydro?

Mr. SIFTON: That is a very large question. I have been familiar with the estimates as to the cost of developing power for quite a while, and those estimates vary. I have seen the estimates as to the cost of power, previous to the building of Chippawa; what the power was actually going to cost to build Chippawa. I think the engineers of the Hydro, as I remember it, made differ-

ent estimates which varied from year to year, and I do not think that there is an engineer who could give you an exact answer to that statement.

Discussion followed.

Mr. PETTIT: What is the estimated toll per ton on coal through this canal from Montreal to the Georgian Bay, and to all the different points, as estimated by the company to be charged; also on wheat, the other way?

Mr. SIFTON: The question of tolls on canals is extremely complicated.

Mr. PETTIT: But surely you have estimated the toll that you are going to charge per ton on coal on that canal, having regard to the cost of the whole development; what is that estimate?

Mr. SIFTON: As a matter of fact, we have not estimated that. Tolls vary on classification in matters of this kind very much, as they do with regard to freight rates. I think I can find you an example of the variation in tolls charged. Take the Manchester Ship Canal, which is a canal right in the heart of free trade Lancashire, where practically every human being using that canal is a free trader of the purest type. They use this question of tolls as an indirect method of bargaining for tariff and trade advantages. The dues on the Manchester Ship canal are adjusted, and ships coming from countries which gave Great Britain favourable trade terms are given lower dues in passing through the Manchester Canal. Certain dues are agreed to with foreign countries; they are given lower dues in exchange for tariff advantages to the goods from Great Britain. They find that a most effective method. I think that is a matter which will have to be considered very carefully by the Railway Commission.

Mr. PETTIT: That is over in England; I am talking about right here in Ontario.

Mr. SIFTON: The same principles will apply.

Mr. PETTIT: Between Montreal and the Georgian Bay, where you are going to construct this canal; having regard to the cost of the whole undertaking, the company surely must have estimated the tolls they were going to charge per ton on coal going through that canal to the different points, and also on wheat going through this canal from Georgian Bay to Montreal?

Mr. SIFTON: As a matter of fact, we have not made any detailed estimate in that regard, for this reason; it is subject to the Railway Board.

Mr. PETTIT: What is the estimated toll on coal per ton, and also per bushel on wheat?

Mr. SIFTON: Before you can arrive at any such estimate, the Railway Commission will have to decide what proportion of the total development is properly chargeable against navigation, and what proportion is properly chargeable against power. Until the Railway Commission lay that down in a ruling no estimates of any value can be made, except this; that it is perfectly obvious that the toll on coal will be much less than the estimated savings in the cost of Nova Scotia coal laid down at any of these points along the Georgian Bay Canal.

Mr. PETTIT: If you have not made an estimate for the toll on coal, how could you give the figures on the saving per ton on coal delivered to different points along the canal?

Mr. SIFTON: I answered that a few moments ago, when I stated that it was a gross saving, subject to the deduction of the actual toll charged. In other words, coal can be put into the city of Ottawa, according to the Department of the Interior, for \$1.01 per ton gross less than the present cost of getting American coal of similar quality. From that \$1.01 would have to be deducted 25 cents, or 50 cents, whatever the toll was on that coal, leaving a net figure, or the net saving in delivering the coal here.

[Mr. Winfield Sifton.]

Mr. GEARY: Mr. Harry Sifton was asked as to the position of the company, as to the relationship of the present promoters with the shareholders of the company. I understood that you would be able to answer that question.

Mr. SIFTON: I have not got the list.

Mr. GEARY: I noticed from the brief that you were about to use, or that you used, I am not sure which, that £254,000 is the amount claimed by the shareholders.

Mr. SIFTON: That is quite right.

Mr. GEARY: I would like to know, if that claim were allowed, just what share of that the present promoters expect to get?

Mr. SIFTON: We do not expect to get a dollar of it.

Mr. GEARY: If you will give me the directors of the company I would be much obliged.

Mr. SIFTON: Under the Railway Act a carrier company is required to have a minimum of, I believe, nine directors. The directors are as follows: Senator N. A. Belcourt, myself, G. W. Volkman, H. C. Groves, H. B. Housser, Paul Leduc, K. B. MacLaren, E. R. McNeill, Senator G. V. White.

They all represent the majority interests which are in a large part English, associated with ourselves.

Mr. GEARY: You have no objection to giving us a list of the shareholders?

Mr. SIFTON: I have no objection whatever.

Mr. GEARY: Will you have that put in the record?

Mr. SIFTON: Yes, I will put a list of the shareholders in the record.

Mr. DONNELLY: I would like to ask you, Mr. Sifton, if you are aware that there is a private Bill pending, to build a ship canal from Cornwall to Montreal, and if that differs from the Georgian Bay Canal, and whether your company has any interest in it? Can you tell us what financial interests are back of that company?

Mr. SIFTON: I am not familiar with that charter, although I have read it over. As I glanced at it, there seemed to be certain points of similarity. In fact, I suspect that some of the clauses have been copied from our charter, but it has certain clauses which are radically different from ours. So far as the ownership of it goes, I have no certain information on that. I have heard a certain amount of gossip but I do not know whether it is sound or not. I have heard it rumoured that the Frontier Corporation, a subsidiary of the General Electric, and the Aluminum Company of New York, who have the Messina site—who own the riparian rights along the river at Messina—are interested in some way or another in this charter, but we have no interest in it in any way, shape, or form, directly or indirectly, and no one connected with our company has anything to do with it.

Mr. RYERSON: You have made the statement that you will produce power. Will that be in excess of the power which would be developed by other companies?

Mr. SIFTON: I did not make that statement; I read the report of the government engineers. The statement in the government report is this:

By the plans for the waterway, the flow with the proposed storage, will be augmented at low water season, the number of available sites for powers increased, and in addition the navigation requires the construction of dams which are in themselves the most expensive part of the power development. But these dams in general are larger than a power company would undertake for development purposes only.

[Mr. Winfield Sifton.]

Mr. RYERSON: In view of that statement, it would appear that the consumers of electric power would be taxed the difference.

Mr. SIFTON: Not necessarily; not necessarily. The Railway Commission could take this position—they could say “We will take the bases upon which we will charge power as the cost of that power after having deducted any excess cost due to larger dams, which are made necessary by navigation, but would not be necessary on account of the power.” That is a matter of high policy which Parliament will decide, and is not for us. Under the charter, there is no compulsion whatsoever that any additional cost would be charged to the power users.

Hon. Mr. DUNNING: Your company is entirely a private company, is it not?

Mr. SIFTON: Entirely.

Hon. Mr. DUNNING: And the National Hydro is also a private company, is it not?

Mr. SIFTON: So far as I understand; I do not know anything about their company except from the public reports.

Hon. Mr. DUNNING: The rates to be charged for power under your charter are controlled by the Railway Commission?

Mr. SIFTON: Absolutely; we cannot sell one horsepower to anybody until after we have an order from the Railway Commission, authorizing it, and authorizing the price.

Hon. Mr. DUNNING: Does such control exist with respect to the National Hydro?

Mr. SIFTON: I have read through the lease, and I understand the only way such control can be instituted is by a condition of the lease, and I cannot find that in their lease; I know of no such control.

Hon. Mr. DUNNING: Why is it regarded as an unrighteous thing, in regard to the principles of public ownership, for you to sell power to the Ontario Hydro Commission, and a perfectly righteous thing for the National Hydro to do the same thing?

Mr. SIFTON: I am afraid I cannot give political evidence in front of this committee.

Hon. Mr. DUNNING: I am trying to get at the public ownership aspect of the thing.

Mr. SIFTON: I can see no reason—

Mr. HANSON: That is very pretty team play.

Mr. SIFTON: In my opinion, the Hydro Electric organization in the province of Ontario, under this canal charter, and under the regulations of the Railway Commission, is in a very sound permanent position, more so than they could be under any arrangement with any private company, not so controlled, other than ourselves.

The CHAIRMAN: Are there any further questions to ask of Mr. Sifton?

Mr. GARDINER: Statements have been made in support of this Bill that by building this canal, the cost of shipping wheat from the head of the lakes to Montreal will be greatly reduced. In view of the recent statement you have made, will you explain that matter?

Mr. SIFTON: Well, the company took care to make that matter a matter of record. They sent a letter to all the members of the House, and they gave their argument in regard to it. We can call technical evidence, Mr. Gardiner, in support of that statement of the company. I would be pleased to read the statement into the record as an answer. That is the company's answer. Our view in regard to it is this:—

MONTREAL, OTTAWA AND GEORGIAN BAY CANAL FREIGHT RATES ON WHEAT
FROM FORT WILLIAM AND PORT ARTHUR TO MONTREAL VIA EXISTING
ROUTES AND VIA THE GEORGIAN BAY CANAL

Distances

Fort William-Port Arthur to Montreal:

Via Lake Erie and St. Lawrence River,	1216 Statute miles
Via the Georgian Bay Canal	934 Statute Miles
Saving in Distance via the Georgian Bay Canal	282 Statute Miles

Note:—The above distances are as recorded on the charts of the Great Lakes and from the Georgian Bay Canal surveys.

Time of Transit

The average time of transit from Fort William-Port Arthur by the existing all water route to Montreal via Lake Erie and the St. Lawrence River is 150 hours, equal to 6 days 6 hours. This is a matter of record. During the season of navigation many vessels are making this through trip and 150 hours is their average time of transit. One instance may be given:—on 17th of July, 1923, the Edwin T. Douglas of the Eastern Steamship Company arrived in Montreal with the largest cargo of grain ever carried down up to that date, namely 93,187 bushels. The time of transit was 6 days 3 hours equal to 147 hours.

The time of transit from Fort William-Port Arthur to Montreal via the Georgian Bay Canal must necessarily be estimated but data available from existing conditions is so complete that such an estimate may be accepted as accurate for this route.

This time of transit is estimated at 113 hours which gives practically the same average rate of speed as on the existing all water route.

Average time of transit on existing all water route,	150 hours
Estimated average time of transit on Georgian Bay Canal	113 hours
Saving in time of transit via the Georgian Bay Canal	37 hours

Freight Rates

Ignoring the all rail route, grain is now carried from Fort William-Port Arthur to Montreal by the two following routes:

- The all water route via Lake Erie and St. Lawrence River.
- By lake to Georgian Bay Ports and rail from those ports to Montreal.

The report on the Grain Trade of Canada, issued by the Department of Trade and Commerce gives the following average freight rates on wheat from Fort William-Port Arthur to Montreal for the season of navigation of 1925 by the above two routes.

- All water route, 9.03 cents per bushel.
- Lake and rail route, 11.80 cents per bushel.

What Will the Freight on Wheat be via The Georgian Bay Canal?

Grain via the Georgian Bay Canal will be carried in 10,000 ton lake vessels similar to those now operating on the Great Lakes.

The longest distance on which these vessels now operate from Fort William-Port Arthur is to Buffalo a distance of 863 miles with a time of transit of $3\frac{1}{2}$ days or 84 hours.

The average freight on wheat from Fort William—Port Arthur to Buffalo in the season of navigation of 1925 as given in the Government Report already mentioned was 2.76 cents per bushel.

[Mr. Winfield Sifton.]

It is well known that "Time" is the main factor in fixing of rates and that by the same type of vessel the rate will vary directly as the time of transit. Therefore: If wheat can be carried from Fort William-Port Arthur to Buffalo in 84 hours for an average rate of 2.76 cents per bushel, then it can be carried to Montreal in 113 hours via the Montreal Ottawa and Georgian Bay Canal for 3.73 cents per bushel.

Therefore the saving in freight rate via the Georgian Bay Canal over existing routes will be:—

- (a) All water route, 9.03 cents per bushel less 3.73, equals 5.30 cents per bushel.
- (b) Lake and rail route 11.80 cents per bushel less 3.73, equals 8.07 cents per bushel.

The cost of operation and maintenance of the waterway, fixed charges, etc. will absorb part of this saving but it is estimated that the actual freight rate on wheat from Fort William—Port Arthur to Montreal via the Georgian Bay Canal will be at least 3 cents per bushel less than the lowest existing rate.

Mr. PETTIT: Then you have estimated what toll per bushel will be charged by the company?

Mr. SIFTON: No; we took an outside figure. We think in practice the saving will be considerably more than the three cents. Our estimated gross saving is 5.30 cents, less the toll. We estimate that, having paid the tolls, a conservative estimate would be three cents. We say that the tolls will not be more than three cents per bushel. As a matter of fact, I do not think the tolls will amount to one cent, but in making this estimate, we leaned toward the conservative side, and estimated the tolls at the highest possible figure.

Mr. PETTIT: You know that the average rate on wheat per bushel, for the thirteen years down to and including the year 1925, has been one cent from the head of the lakes to Port Colborne lower than it was from the head of the lakes to any port on the Georgian Bay.

Mr. SIFTON: I know a little about that; it is a question of return cargoes. The whole question of returned cargoes comes in there.

Mr. PETTIT: You know that is so?

Mr. SIFTON: Yes, I know that. I know there is a differential against Port Colborne.

Mr. PETTIT: And you know that from Port Colborne to Montreal, by way of the Welland Canal, Lake Ontario, and the St. Lawrence river, the route is 70 miles shorter in distance than from Georgian Bay to Montreal via your canal.

Mr. SIFTON: I do not know that. I have never worked out that figure.

Mr. PETTIT: And in addition to that, you have the advantage of a long stretch of Lake Ontario, so that there is an advantage in the Welland Canal-Lake Ontario-St. Lawrence route, over the Georgian Bay Canal.

Mr. SIFTON: We are not before Parliament to argue the relative merits of the St. Lawrence and the Georgian Bay. We hope both will be built. We think the country needs both, but what we say with regard to our canal is this: that the country would not have to pay a cent for our canal. We ask for no subvention, and there is nothing to come out of the Treasury, and certainly the western wheat man gets our estimated saving of three cents a bushel. If the St. Lawrence route takes our trade away, we have no objection, but the only way it can do it is to give the western wheat man a greater saving, but we will make certain that he gets a saving of three cents a bushel.

Mr. PETTIT: And you say it will be cheaper to bring the grain through your canal, rather than via the other way?

[Mr. Winfield Sifton.]

Mr. SIFTON: I do not claim it will be cheaper to bring wheat through our canal than it would be to bring it through the St. Lawrence deep waterway, if, as and when constructed. I say there is an immediate saving of at least three cents per bushel over the existing rate.

Mr. HEAPS: You said the country would not have to pay a cent for the construction of the canal. Who will pay for that?

Mr. SIFTON: The people who use it and get the advantage of it.

Mr. HEAPS: Who will get the advantage of it?

Mr. SIFTON: Who pays for the C.P.R.? Is it not the man who buys a ticket and takes advantage of the facilities provided by the C.P.R., who pays for it? The same people will pay for the canal.

Mr. HEAPS: Are the tolls going to pay for the canal?

Mr. SIFTON: Certainly. The total construction is mixed up—the canal and power—and it is our opinion that they cannot be separated. The Railway Commission controls both the price of the power and the amount of the tolls, and Parliament controls the proportion in which these two shall be allocated as between power and canal tolls. The company does not. The total construction cost will be ascertained and it is felt that the total amount collected from tolls, and for power, will meet that cost.

Mr. HEAPS: That does not tally with your previous answer, where you stated that the users of that canal will pay for the canal, and now you say that the people who use the power will pay for the canal.

Mr. SIFTON: I think our position is quite clear.

Mr. HEAPS: Am I correct in assuming that the people who use the power will have to pay for the canal?

Mr. SIFTON: I have just answered that; it is on the record.

Mr. HEAPS: Am I right in my assumption?

Mr. SIFTON: I submit my answer is on the record.

The CHAIRMAN: That has been answered half a dozen times.

Mr. McLEAN (Melfort): Has the company any engineers here, who will be able to give us actual information about the physical features of the proposition? We have heard a lot of talk about the rights of the company, the rights of the provinces, tolls, duties, and a lot of entirely hypothetical questions. Can we have any information on the physical aspect of this question?

Mr. SIFTON: Mr. McLean, I suggest that if the committee want evidence on that question, they can get independent evidence from the Department of Public Works, who have had all the work on the Ottawa River under their control, by statute, since 1870, and who maintain a staff of engineers to take the flows and all physical conditions in regard to this area. They have experts in charge, and they have prepared this report and data, and so far as the company's constant negotiations with the Department for some years are concerned, they have given us grounds to arrive at the conclusion that we have never heard a suggestion from a responsible engineer appointed by the government that there was any substantial engineering difficulty which could not be overcome. I suggest, if there is any question you want to ask along that line, that you call these engineers.

Mr. ANDERSON (High Park): Is there any better evidence on the engineering features than is contained in that report of the Commission appointed in 1904, reported in 1908, and presented to Parliament in 1909? Is there any better evidence than that?

Mr. SIFTON: I don't think so.

Mr. ANDERSON (High Park): It is all there?

[Mr. Winfield Sifton.]

Mr. SIFTON: Our company prepared a very elaborate survey, detailed plans, and such like, previous to 1907. Mr. Wisner came over and conducted the investigation. The government said, in effect, "We have no independent means of making this investigation; we only have the ex-parte system of the statement of the Canal Company, as to this whole mass of survey; we will appoint our Commission to check those surveys and resurvey it for ourselves, and give us an independent report," so they took our surveys and everything which we proposed, and they took them as part of what they were investigating, and used them throughout the investigation by the government. They adopted a very substantial proportion of the plans and suggestions contained in our original survey, so that this government survey is really a survey of plans, and an investigation which has been checked twice, once by us, and rechecked and certified by the government, independently.

Mr. HANSON: Is that the Ellis Commission?

Mr. SIFTON: No, I am referring to the Public Works of Canada Report of the Georgian Bay Ship Canal of 1908—in five volumes.

Mr. MILLAR: Returning again to the grain rate question, Mr. Sifton, I would like to ask if the figures you gave—if those who presented those figures have taken fully into consideration the enormous handicap this route would be under in the carrying of freight having only a 24-foot depth, as against a 30-foot depth in the St. Lawrence. I have seen somewhere that a large boat, well loaded down, would require, I think, 80 tons to sink it another inch; that means 960 tons a foot. It seemed so enormous that I almost hesitate to give those figures, yet I am convinced that my memory is serving me right. Now, a 24-foot waterway would be at a very great disadvantage against a 30-foot waterway, and as you know, the tendency always is to have larger boats, rather than smaller.

Hon. Mr. DUNNING: The Joint Board of the St. Lawrence waterway has recommended a 25-foot waterway for the St. Lawrence.

Mr. MILLAR: On the Georgian Bay Canal?

Hon. Mr. DUNNING: No, the International waterway on the St. Lawrence.

Mr. MILLAR: Then there will only be the handicap of one foot.

Hon. Mr. DUNNING: If you are comparing these two, yes.

Mr. SIFTON: Our English shareholders—or some of them—are very closely affiliated with some of the largest shipping companies in the world, located in the city of London. I am not an expert shipping man myself, but I have heard them go into that question many times, and heard their views about it, and the view of the English shipping experts in regard to that is this, that up to about 10,000 tons there is a definite saving; as the unit gets larger the unit cost is decreased. Possibly of late years it has gone to something above 10,000 tons, but when you get substantially above 10,000 tons, far from a saving it means a loss, because the larger ships cost more in proportion to operate. That is certainly true when you get above 15,000 tons. You can find in the statistics of ships under construction now, as shown in Lloyd's Register, that by far the greater proportion are ships of 10,000 tons and under.

Mr. MILLAR: But 24 feet would be a disadvantage as against 25 or 26 feet?

Mr. SIFTON: No, I don't think so. If they will take the economic units, there is no disadvantage.

Mr. MILLAR: You do not contend that a 24-foot channel would take the larger ships carrying grain on the lakes?

Mr. SIFTON: It would take a 10,000 ton ship as it stands now. Let us take a 10,000 ton unit—I do not know the exact basis of the existing large unit—but a

[Mr. Winfield Sifton.]

ship could certainly be constructed to fit the measurements of these locks and sills, so they would carry 15,000 tons through this canal.

Mr. YOUNG (Weyburn): Can you give us any information as to whether the construction of this canal would make possible navigation between Ottawa and the mining camps of northern Ontario?

Mr. SIFTON: We submitted what were problematical factors in that connection. You will see on this map (indicating) sites, up to lake Temiskaming. In any event, we have to build a dam above the Mattawa River, where it leaves the Ottawa and goes toward lake Nipissing, to control the flow, and maintain the levels all the way down, and we have to control the flow of lake Temiskaming. There is a government dam up there now, and we submit that it would be wise for us to put in the necessary locks to get around the necessary dams we build, and the necessary locks to get around the government dam. If we do that, we could put a 10,000 ton steamer right up to the head of lake Temiskaming, almost into Rouyn, within 60 miles of Haileybury, and we could take the Nova Scotia coal right into the heart of the mining country, take the supplies in, and bring the ore out.

Mr. SPENCER: What do you say would be the cost of that?

Mr. SIFTON: As I said a moment ago with regard to the estimate of Chippawa, that is very problematical. The best estimate we can get so far is \$282,000,000.

Mr. HANSON: How will you finance that?

Mr. SIFTON: By bond issue as authorized under the Act. When we start to spend the money to do the construction, we will have a certain authority for a bond issue. I think it is \$175,000,000 now, under the charter, and if that should become exhausted, we would come to Ottawa, and ask Parliament to let us issue the additional capital. We are authorized for \$175,000,000 now.

Mr. HANSON: Would that not carry an assessment as a first charge on your tolls for a long period of time?

Mr. SIFTON: It would be the same as the Canadian National Railway bonds are a first charge on the Canadian National Railway. Ours will stand on all fours with a company of that kind.

Mr. HANSON: Would you not have to sell your power on long-term contract before you could pay that off?

Mr. SIFTON: I do not think so.

Mr. HANSON: What is your experience with hydro-electric companies issuing bonds?

Mr. SIFTON: They are getting more valuable all the time, and easier to sell. My own experience in regard to it is that a company which does not sell its power on long-term contracts, but has courage enough to feed it out in small lots, at high prices, will make more money in the long run.

Mr. MATTHEWS: Have you any intention of asking the Dominion government to guarantee the bonds?

Mr. SIFTON: Not any guarantee in the world; we do not want a subvention from anybody, or a guarantee from anybody.

Mr. ANDERSON (High Park): Is it not true that Sir Robert Perks made frequent applications for the guaranteeing of his bonds?

Mr. SIFTON: Yes.

Mr. ANDERSON (High Park): And it was refused?

Mr. SIFTON: He did. I will say that in 1911, if the evidence were actually submitted to this committee, when the change of government took place, at which time I believe the last formal application for a guarantee was made

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if anybody looked at the position as it was then, they would say that old Sir Robert, if anything, had a better chance of getting his guarantee than of not getting it.

Mr. ANDERSON (High Park): That is one of the reasons why he did not go on with the undertaking.

Mr. SIFTON: I do not know what his reasons were, but from our point of view, when he approached us with a view of getting us interested in this business, we stated our *sine quo non*, that we would have nothing to do with applications to Parliament for financial assistance, and unless the English group wiped that out of their heads, we would have nothing to do with it.

Mr. ANDERSON (High Park): And you will give your assurance that you will not ask for a guarantee, as Sir Robert Perks did?

Mr. SIFTON: I am not so sure that if he had gone about it in another way he would have obtained it. I think this was at the extreme tail end of the fashion for governments to guarantee transportation securities. It was going out of fashion just about that time. We will not ask for any guarantee.

Mr. HEAPS: How many horse-power do you expect to be developed, according to the interpretation of the charter?

Mr. SIFTON: According to the Public Works survey, which I think is as good an estimate as we can get, the exact figure is 761,880 electrical horse-power. That is the government estimate of the actual amount of power which is necessarily incidental and part and parcel of this canal project.

Mr. HEAPS: And you would have control of that power—

Mr. SIFTON: We would not have control. The Railway Commission controls it, and we would have to pay for it. We control the producing of it, and turning of it into use. They control how we sell it, and at what price.

Mr. HEAPS: There is also a granting of three million horse-power—

Mr. SIFTON: If you consider the statement I have just read from the Government report, the development of this power is part and parcel of the canal.

Mr. EVANS: Your brother made the statement yesterday that the directorate would always be Canadian. I would like to ask how you would provide for that?

Mr. SIFTON: Well, Mr. Evans, what he said was this; we suggested an amendment which would provide for a permanent Canadian control. You have the amendment in the Bank Act, which has been through Parliament many times, and which provides that the majority of the members of the Board of Directors shall be British subjects domiciled in Canada, either natural born or naturalized British subjects. The company suggests that that clause be applied to our charter.

Mr. ANDERSON (High Park): Is that not merely a bait held out to the people that this is a Canadian concern?

Mr. SIFTON: I do not think so.

Mr. ANDERSON (High Park): How are you going to control the shareholders of that company?

Mr. SIFTON: The control of the chartered banks has never been questioned. That is the only clause in that Bank Act which protects the chartered banks of Canada from being absorbed by large New York interests.

Mr. ANDERSON (High Park): But does it?

Mr. SIFTON: In my experience, it has done it. I know of large American banking interests who have considered the purchase of the control of Canadian banking institutions, but they have refused to go on with it on account of that clause.

[Mr. Winfield Sifton.]

Mr. ANDERSON (High Park): Is it not because the banks stocks are held very largely by Canadian people and they will not sell?

Mr. SIFTON: They refused to go on and absorb them as they came on the market.

Mr. ANDERSON (High Park): These directors could be simply "rubber stamp" directors?

Mr. SIFTON: Yes, they could, but my experience is this: you may get one or two Canadians who are willing to act as Guinea pig directors, as rubber stamps for American financial interests against the interests of their own country, but where you have got fifteen men that must be on that Board, you cannot get eight of them to sell out their own country for any foreigner; not a Canadian.

Hon. Mr. DUNNING: You gave some figures a little while ago about the estimated power potentiality, seven hundred thousand?

Mr. SIFTON: The total is 817,880, according to the Public Works Report, of which 56,000, I believe, is at the present time developed in the existing developments and wing dams, leaving a net of 761,880 horse-power.

Hon. Mr. DUNNING: Do these figures leave out of account existing developments, for instance, at the Chaudiere?

Mr. SIFTON: It is part of the 56,000.

Hon. Mr. DUNNING: Only 56,000?

Mr. SIFTON: As I understand it, yes.

Hon. Mr. DUNNING: Are those figures for 24-hour power?

Mr. SIFTON: I do not know. I am not a power expert and I could not tell you that. I do not know whether it is 24-hour power or not; I think it is on the 24-hour basis.

Hon. Mr. DUNNING: And 300,000 of that is at the Carillon?

Mr. SIFTON: I think in the schedule on which the 761,880 horse-power is estimated, they take in Carillon on the basis of 213,000 horse-power.

Mr. MATTHEWS: Is it not a fact that this proposition would be incapable of being financed except for the potential power?

Mr. SIFTON: I think it is in the same position, for instance, as a flour mill. Nobody could build and operate a flour mill if they did not make mill feed; it could not be done. In fact, I have seen large flour mills in the Dominion of Canada—I have had the honour to be the President of one of them at one time—I have seen flour mills operated for years with their mills set for mill feed and not set for flour.

Mr. MATTHEWS: I would like to know if, in your opinion, this would be capable of being financed apart from the sale of power?

Mr. SIFTON: I have never considered it. It cannot be separated any more than you could mill wheat and not make flour and mill feed. If you develop the Ottawa River you must develop navigation and power.

Mr. MATTHEWS: Do you believe that it could be financed purely as a navigation proposition?

Mr. SIFTON: If you cannot separate it, you cannot arrive at the figures.

Mr. HANSON: Why not be frank?

Mr. SIFTON: I do not attempt any such statement. You can make any statement you like but you cannot put it in my mouth. There is a record of what is being said and of who says it.

Mr. ROWE: Have you ever heard of a flour mill being successfully operated where the mill feed was worth more than the flour?

Mr. SIFTON: I have seen flour mills fail because the mill feed was not worth enough.

Mr. GARDINER: Going back to the tolls and rates on wheat; I understand you to state that these are governed by the Board of Railway Commissioners. You have stated that you expect to make a saving on every bushel of grain coming from the head of the Lakes to Montreal of approximately three cents a bushel?

Mr. SIFTON: I would say that three cents a bushel is the minimum figure over the existing rate.

Mr. GARDINER: And possibly higher?

Mr. SIFTON: Yes.

Mr. GARDINER: We will figure on three cents. In view of the fact that the Board of Railway Commissioners will control the rates, both insofar as power and tolls are concerned, how can you say that there will be a saving of three cents per bushel on grain going to Montreal?

Mr. SIFTON: I can say this: the Railway Commission is not going deliberately out of the way to put an absolutely outrageous toll on wheat. They are not going to allow us to pay one hundred per cent on our stock.

Mr. GARDINER: I am glad to see that you are so sure, because we have had some experience with the Board of Railway Commissioners and we have found, insofar as their judgment is concerned, that they might be altogether different from the opinion you have given. There is really nothing definite, insofar as this saving is concerned?

Mr. SIFTON: That is your statement, it is not mine.

Mr. HEPBURN: If you go on with this project and change the water levels on the Ottawa river, there is no doubt that a large number of interests using the water on this river will be affected? Now, what move will they have to take to get compensation; are they able to go to court?

Mr. SIFTON: We are under the Railway Act. They are in exactly the same position as anybody who is claiming compensation against a railroad. There is an established practice laid down under the law by which they can hold us responsible and get complete compensation for everything.

Mr. HANSON: Your profile shows that between Hawkesbury and Chaudiere you will raise the level to 140; is that correct?

Mr. SIFTON: I do not carry those figures in my head.

Mr. HANSON: I understand that it would raise the level of the river ten feet between Hawkesbury and Chaudiere. If that is so, it would greatly depreciate the value of the Chaudiere Falls, would it not?

Mr. SIFTON: I can answer that question without giving you the figures. We are allowed to raise such a head as will maintain a current of something like three miles per hour, and it will not back up any water whatsoever into the tail race of the Chaudiere plants, and to them no injury whatever.

Mr. HANSON: You make that definite statement?

Mr. SIFTON: I make that definite statement.

Mr. HANSON: Will your engineers substantiate it?

Mr. SIFTON: I think Mr. Graham Bell can substantiate that.

MAJOR BELL: That is quite right.

Hon. Mr. DUNNING: Your plans, in any case, would have to be approved by the Department. The question is, would the Department permit such a thing? That is the real question, Mr. Hanson.

MAJOR BELL: Neither the heads that they have nor the heads that the National Hydro will have, will affect the Chaudiere, but there is a proposed scheme that will affect it.

[Mr. Winfield Sifton.]

Mr. McLEAN (Melfort): I would like to ask Mr. Sifton, if it raised the water at the Chaudiere, would the interests of Canada suffer thereby?

Mr. SIFTON: That is a matter, Mr. McLean, you will have to ask the gentlemen who own the Chaudiere plant. I will say this with regard to the Chaudiere plant; very far from doing the Chaudiere plants any injury, the plans of the canal company, as shown here, show a dam about two miles above the Chaudiere plants, which we will have to build. The Chaudiere plants do not use the entire head of the river at that point. We are providing them free of charge with regulated storage; we increase their minimum flow, and make them a present of it, and we double the value of their property.

Mr. McLEAN (Melfort): Would it not be well to charge them for that?

Mr. SIFTON: I would like to. If you include it in the charter, I would be very pleased to have the authority.

The CHAIRMAN: Mr. Guthrie requests the opportunity of making a statement.

Mr. N. G. GUTHRIE: Needless to say, I appear here with great reluctance, but I could not allow certain statements to pass unchallenged. The International Paper Company, whom I officially represent here as counsel, will be before Parliament again. I do not want the members of this Committee and of the House of Commons, and the public, to get a wrong impression. I am sure that my friend Win. Sifton and his brother have made these statements under a misapprehension.

When the question first came up through Mr. Chevrier I took advantage of my old friendship with Mr. Fred Chevrier to assure him that the opposition of the International Paper Company to this Bill was an absolute myth. I represent them here, and when the matter was first discussed about eight or ten weeks ago I requested instructions, and I was informed by Mr. Graustein and Mr. Montgomery, that the International Paper Company desired to take no part whatever in this Bill. They have not, up to the present moment, opposed the Bill in any way, shape or form, and they are not now opposing it and have no intention of opposing it in the future.

I wish this to go on record so that these statements which have been made, as I have no doubt through a misapprehension of the facts, maybe set at rest once and for all time.

Hon. Mr. DUNNING: What are you going to do with the directors who oppose it?

Mr. GUTHRIE: The directors of the company, of course, have their own personal responsibility. I am speaking officially for the International paper company.

Mr. PARENT: Did you receive any instructions from the International Paper Company to favour the Bill?

Mr. GUTHRIE: No, I did not receive any instructions to favour it, but in the course of conversation an indication was given to me, along the lines which Mr. Win. Sifton suggests, that possibly if Parliament saw fit to grant the charter we would not feel very much displeased with it. If anything, we have no interest in the matter, but if we had any sympathy in the matter it perhaps leaned a little towards Mr. Sifton.

Mr. J. A. RITCHIE: Mr. Chairman, and gentlemen, I am speaking here as counsel for this company, a position which I have occupied for many years, almost from its inception.

There are aspects in this matter which I do not think have been brought before the Committee, and it is a matter that I think might interest you. It

[Mr. J. A. Ritchie.]

has to do with the original inception of this great project—the matter of good faith and national honour.

This veteran bill has been under rather heavy fire for some time. It has been spoken of as the granting of a charter, but the company is not asked for the granting of any charter because that charter was long since granted. It was granted under circumstances which seem to have been overlooked, it seems to me, in the discussions that have taken place. This bill was regarded as being quite innocent for many years, and probably it remained in that state of innocence until latterly when, for some reason or other, it has turned to iniquity, if one reads the newspapers and from what one hears spoken of it. Of course, we all know, or it is said that we are all born in sin, and I suppose it was born in sin. If it was born in sin it had rather respectable parents, and may I point out to you who they were

The original gentlemen who were the incorporators of this company were very respectable men. Most of them are now dead, but it might interest you to know who they were, since many of you are very young men and do not know much about those old days.

The first name is George Cox. He was once the Mayor of Ottawa.

The next is Mr. McLeod Stewart. He was the chief promoter who had the vision to see this great project and to urge its acceptance upon the people of Canada. He was Mayor of Ottawa also, and is now dead.

The next is Gordon Burleigh Pattee, with whom my friend, Sir George Perley was associated. He and his father were very well known lumbermen here. He is now deceased.

The next is Henry Kelly Egan. Sir Henry Egan was quite a respectable citizen of Ottawa; lately dead.

John W. McRae; a very well known citizen of Ottawa.

Thomas Birkett; once a member of this House.

Olivier Durocher; once Mayor of Ottawa.

Alexander MacLean; once Trade Commissioner in Japan for Canada.

Francis McDougall; now deceased, and who was once Mayor of Ottawa, father of Mr. Joseph McDougall, who represented Ottawa for some years in the Local Legislature.

John Charles Rogers; associated with Mr. MacLean as King's Printer.

Dennis Murphy; head of the Ottawa Transportation Company and a very well known citizen of Ottawa.

Charles Berkley Powell. This gentleman is also associated with my friend Sir George Perley in the firm of Perley and Pattee. He represented Ottawa in the Local Legislature also.

John E. Askwith; a very well known citizen of Ottawa, and who for many years was our Police Magistrate.

Hon. Francis Clemow; for many years a member of the Senate; now deceased.

Sir James Grant; then a member of Parliament. He was a very eminent physician and attended upon Her Royal Highness, Princess Louise.

Honore Robillard; Member of Parliament at that time.

Thomas Ahearn. Mr. Ahearn is a rather well known citizen, President of the Ottawa Electric Company, and Director of the Bank of Montreal and many other great institutions.

George Patrick Brophy; a well known man at that time.

Alexander Harvey Taylor; a well known man.

Peter Whelan; a very well known resident of Ottawa.

Richard Nagle; David MacLaren; William Scott; Joseph Kavanagh; Philip D. Ross. Mr. Ross was one of the chief proprietors of the Ottawa Journal newspaper.

Mr. EVANS: Have you the addresses of these gentlemen?

Mr. RITCHIE: Well, I cannot tell you of the exact addresses of those who are deceased, but you may be sure that it is either up or down.

Mr. Ross apparently thought well of this project in those days. Apparently, from reading his Journal, he has seen the light but where that emanates from I cannot say, but of course one can surmise.

Those gentlemen were all of Ottawa. Then there were certain people outside of Ottawa. There was Mr. William C. Edwards; then member of Parliament, and later Senator, of Rockland.

William T. Hodgins; then member of Parliament, of Hazledean.

Alexander Fraser of Westmeath; a very well known lumberman on the Ottawa River.

James Joseph O'Connor of Port Arthur; Arthur Joseph Martin; John Bryson; George H. Macdonnell; Hugh F. McLachlin and Claude McLachlin of Arnprior; and so on.

You see, if this measure was born in sin that it certainly had at the opening very respectable parents.

Perhaps in that day there was a touch of iniquity in the charter, although Parliament did not think so because in Clause G of Section 8, the company was then authorized;

To lay out and lease or otherwise dispose of water lots, and use, sell, lease or otherwise dispose of water brought by or for the said canals or works but not requisite for the same, and produce, lease and supply, or otherwise dispose of hydraulic, electric and other kinds of power in connection with the works hereby authorized.

You will see that the power that was then given this company was very wide. Under that I imagine that they could have gone into the power business to any extent they pleased; apart altogether from the canal. In 1912, the Ontario Government and the Hydro, headed by Sir Adam Beck, came down upon one occasion when we were applying for a renewal of the commencement clause in our charter, and after much discussion that was taken out of the charter. The clause has been read to you by Mr. Harry Sifton, but under that, that was the clause by which it was provided that only the surplus hydraulic, electric and other kinds of power developed in connection with and for the purposes of the works hereby authorized should be disposed by the company at rates or prices at or for which such hydraulic and electric power may be disposed of by the company to be fixed or determined by the Board of Railway Commissioners for Canada in accordance with the provisions of Section 360-A of the Railway Act.

This creature of Parliament then, I submit, became free from sin, and if there was any remaining vice left in it, surely the proposals which have been made by the Messrs. Sifton, as to the company not obtaining one dollar for those who are behind the company; that the shareholders in the company cannot obtain one dollar until the whole works are completed, surely it removes any possible vice that may remain in this venture.

The reason I have mentioned these very respectable names, and why I made the remarks about good faith and honour, is because on the faith of this charter the company authorized the late McLeod Stewart to proceed to London, the money market of the world, to obtain capital to further the project. He went there fully authorized on the faith of this charter passed by the parliament of Canada. He interested English capital, and the people that he interested in this matter were people of no mean estate. Amongst those who went into the project and formed the new Dominion syndicate, which is the company which has been reorganized, of which I, myself am a shareholder for some modest fee of my own, but which I apparently will not get until this canal

is completely finished—I will have to leave my emoluments to my heirs, administrators, executors and assigns, and by my heirs I do not mean heirs of my body, because I have not got any. These gentlemen who were interested, and who put up their money—I will speak of the money they put up later—were men like the late Sir Edward Thornton, who was formerly the British Minister at Washington. There was Sir Fletcher Moulton, then a very distinguished counsel, and afterwards Lord Moulton of the Court of Appeals of London, a very eminent man whose services, because of his knowledge of patents, was used by the British Government during the late war. He is now dead.

There was also Sir Robert Perks. He was a member of the very large contracting firm of C. H. Walker and Company. There was also Mr. C. H. Walker. This firm has been engaged in the construction of very large works all over the world. They constructed works at Buenos Aires, and very many other places.

These men were capable of carrying out this work if they had been given the opportunity of doing so, because this was a matter with which they had been connected all their lives.

Sir GEORGE PERLEY: You say that these men could have completed this if they had been given an opportunity to do so?

Mr. RITCHIE: I think so.

Sir GEORGE PERLEY: I understand that they had ample opportunity. I would like you to explain what you mean by that.

Mr. RITCHIE: The company has never been given an opportunity to build this canal, from the day it was thought the charter was passed until to-day, because we cannot turn a sod until the Government has approved our plans. In 1907 we filed our plans with the Government; from that day to this no Government has ever said, "your plans are all right," or "they are all wrong." Do you think it is fair to these people who have spent over two millions of dollars on the surveys of the levels and the collection of data connected with this thing, to allow our plans to lay there with this amount of money involved and never say, "your plans are rotten," or "your plans are all right." They do nothing and then accuse us of being in default. Surely, there is no justice or righteousness in that.

The Committee adjourned until 11.00 o'clock a.m. April 7th, 1927.

